and lotions with very little success. For this reason I put him under the Quartzlight lamp treatment and his face is entirely cleared.

Very truly yours,

R. W. Sleeter, M.D.

S:S

May 25, 1931

National Hospital Association
Top Floor, Mohawk Building
Portland, Oregon

Dear Sirs: Re: D. G. Tyree

I brought up the case of Mr. Tyree's Metabolic test with your secretary when he was down here a few days ago.

I have taken Mr. Tyree's metabolic test and find him a minus 36. I put him on a thyroid extract tablet and he reports feeling much better.

Very truly yours,

R. W. Sleeter, M.D.

S:S

Defendants' Exhibit 2715

10616

(Letterhead of National Hospital Association)

March 17, 1931

Dr. R. W. Sleeter
Medford, Oregon

Re: W E Duncan—California Oregon Power Co.

Dear Doctor:

Acknowledging your letter of March 17th, in which you request permission to inject nerve for W. E. Duncan, who is suffering with neuritis following a case of shingles several years ago:

This letter will authorize you to proceed with the treatment recommended. After this has been done will you kindly report to us on the patient's condition and prognosis?

Yours very truly

NATIONAL HOSPITAL ASSOCIATION

(Signed) C. C. BECHTOLD
General Manager

J

10617 March 14, 1931

National Hospital Association
Top Floor, Mohawk Building
Portland, Oregon

Re: W. E. Duncan

Dear Sirs:

I would like to get permission to inject a nerve for Mr. W. E. Duncan. This may consist of one day in the hospital, but I think one injection will give him relief more than anything else that could be done.

Mr. Duncan is suffering from neuritis, following a case of shingles about four years ago.

The cost will be $5.00, providing the hospital fees are not necessary.

Please answer as soon as possible.

Thanking you, I remain,

Yours truly,

R. W. Sleeter, M. D.

S:S

Defendants' Exhibit 2716

10618 (Letterhead of National Hospital Association)

October 21, 1932.

Dr. R. W. Sleeter,
Medford, Oregon.

Dear Doctor:

We acknowledge your letter of October 17th reporting on the case of T. W. Knackstedt an employe of the California Oregon Power Company about whom we wrote you on October 14th.

While we had thought we should be entitled to the State rate of $25.00 less 25% on this case, we appreciate from the information you have now furnished that that this was more difficult than the usual tendon suture.

We are accordingly approving your account for $30.00 which we trust you will find satisfactory.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

(Signed) W J PAGE
W. J. Page
Office Manager

WJP/Mc

Defendants' Exhibit 2717

10619 (Letterhead of National Hospital Association)

May 10, 1940

C. L. Coyle, M. D.
Medford, Oregon

Dear Doctor:

We acknowledge your letter of April 6 advising that you have an employe of the Medford Corporation who has requested hay fever treatment and you desire to know what the Association will pay before you undertake care of the case.

Since you did not give the patient's name we are unable to advise you as to any responsibility we may have for the individual's care. We also note you ask about treat-

ment for hay fever, but in explaining the case you refer to pollen tests and injections of serum in graduated doses. Our understanding is that these tests and injections are used as preventives rather than for treatment of hay fever. The Association's contracts do not provide for preventives other than in cases where a member has been exposed to contagious disease subject to law by quarantine. If, therefore, the treatment you have in mind is preventive treatment the employe would not be eligible to it at the expense of the Association.

You also refer to an account we paid for care of Lynn Smith, and in reviewing our records we find this bill was paid in accordance with the usual fees and in accordance with the way it was itemized.

Very truly yours,

NATIONAL HOSPITAL ASSOCIATION

(Signed) W. J. PAGE
W. J. Page, Manager
Department of Claims

WJP/mk

10620 April 6, 1940

W. J. Page,
National Hospital Association,
Mohawk Building,
Portland, Oregon.

Sir:

I am writing to inquire whether your contract with employees of the Medford Corporation includes treatment for hay fever. If so, what will you pay a physician for making the necessary tests and giving a course of treatments. Hollister Stier's diagnostic Pollen test set costs $2.50 and they will prepare a series of 30 injections of graduated doses of extracts of whatever pollens the patient is sensitive to for $10.00. I don't want to undertake to treat a patient for hay fever until I know exactly where the money is coming from and how much I'm going to get.

The last time you was in to see me on December 27th. you handed me a check for $8.75. for Lynn Smith. My bill was $12.25. You agreed that I had been underpaid for three country calls I made on the patient, but asked me to accept the check and promised to send the rest later. No check has arrived since then. The patient paid the

difference, namely $3.50, so when you get ready to make out a check for the amount you underpaid me please make it out to Lynn Smith, Route 2, Medford.

Yours truly,

10621 June 5, 1940

W. J. Page, Dept. of Claims,
National Hospital Association,
Portland, Oregon.

Dear Sir:

Your letter to me regarding treatment of a patient with hay fever left me in doubt as to whether or not the association will pay for his treatment. Since you have not positively refused to assume responsibility for the treatment I have gone ahead and made the tests. In regard to the questions you asked in your letter, the patient is Lynn Smith and he has hay fever now. Therefore, any treatment he will receive will be for the relief of his present symptoms. The hay fever season is on now and I can't see how treating a patient who already has it is prevention rather than treatment. Will your company pay for this man's treatment until the end of the season in October or November? Please answer yes or no. You have all the facts now and here is my rock-bottom charge: $2.50 for the tests, which is the price of the set of test pollens; $10 for the pollen extracts for treatment, which is exactly what they cost me; $1 per treatment, as often as required to control the symptoms.

Yours truly,

10622 (Letterhead of National Hospital Association)

June 14, 1940

C. L. Coyle, M. D.
Medford, Oregon

Dear Doctor:

Referring again to the case of Lynn Smith, an employe of the Medford Corporation, to whom you wish to give hay

fever shots, we have investigated the matter of these shots for treatment of the condition, and the advice we have from medical men here is that while the shots are many times effective as a prevention of hay fever the proper time to use them is before the hay fever season. We do not understand, however, that the shots are effective during the hay fever season or when the patient is suffering acutely from it. Under the circumstances the Association would not feel justified in paying for this service.

Very truly yours,

NATIONAL HOSPITAL ASSOCIATION

(Signed) W J PAGE
W. J. Page, Manager
Department of Claims

WJP/mk

Defendants' Exhibit 2718

10623 (Letterhead of National Hospital Association)

August 30, 1940

Chas. L. Coyle, M. D.
Medford, Oregon

Dear Doctor:

Re: New Fee Schedule under "Ex-Medicine" Contracts

The National Hospital Association has, for sometime, felt that some adjustments in doctors' fees were necessary under the Medical and Hospitalization Contracts to insure prop r standards of service for the employes, but growing demands and advancing costs of the modern laboratory and hospital facilities have, up to the present, made any increases impossible. However, owing to the growing practice in prescribing the expensive proprietaries and to abuses on the part of some employes in obtaining medicines, it has become necessary for the Association to discontinue furnishing prescription medicines, except where the member is necessarily confined in the hospital. With this change the Association believes it now will be able to make the desired adjustments in fees paid to the doctors, and we are pleased to enclose a copy of our new Fee Schedule for your use on cases coming under the new contracts in which prescription medicines have been excluded.

In those contracts in which medicines remain, the fees to the doctors will be the same as in the past—but it is the Association's hope to eliminate medicines from all of its contracts within the next year. Its ability to do so, however, depends to a large extent on the cooperation it receives from the attending doctors—and from the competing associations and medical service bureaus.

For your guidance, the contracts which exclude medicines will be identified by green treatment certificates, as distinguished from the salmon-colored or blue certificates presented under the contracts in which medicines continue to be furnished. It is important that you note this difference when issuing prescriptions in order to protect the druggists and to avoid misunderstandings. This change, however, does not apply to injuries under Workmen's Compensation, which are subject to the regulations of the compensation insurance carrier.

We trust that we may have your cooperation in this matter, and request that you kindly familiarize yourself with the new Fee Schedule and its rules and regulations. We shall be pleased to receive any suggestions or criticisms you may have to offer.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

(Signed) C. C. BECHTOLD
C. C. Bechtold, General Manager

CCB:s
Enc.

10624

NATIONAL HOSPITAL ASSOCIATION
716 S. W. Third Street
Portland, Oregon

Schedule of Medical and Surgical Fees
Under
Employes' Group Industrial Contracts
(Ex-Medicine)

The National Hospital Association announces the following schedule of fees to be paid under its new *Ex-Medicine Group Contracts* for industrial employes for conditions arising on or after September 1, 1940, subject to the rules and regulations of the Association.

Doctors will identify the Association's Ex-Medicine Contracts by *green treatment certificates* as distinguished from the *salmon-colored certificates* presented by employes under the contracts in which medicines are furnished. To avoid misunderstandings, doctors are requested to carefully note this difference.

Note: "Ex-Medicine" does not apply to employes while necessarily confined in the hospitals nor to Workmen's Compensation cases.

National Hospital Association's fees to doctors are net and not subject to percentages, fluctuations or other reductions resulting from administration or from hospitalization, nursing or other service charges. Payments are made monthly.

****

The Employe's treatment certificate is prima facia evidence that he is under the coverage of the National Hospital Association, but his eligibility to service at the Association's expense for the particular condition depends on the contract under which the employe is covered and on his period of coverage with the Association. Therefore, to protect their accounts and to avoid misunderstandings, doctors should immediately communicate with the Association and furnish a complete history when called on to attend any condition involving large expense or unusual in its nature. The acceptance of charges by the National Hospital Association at all times depends on the member's eligibility to the service at the Association's expense.

Doctors will remember that National Hospital Association's industrial group Medical and Hospitalization Contracts are intended for persons of low incomes, many of whom are unable to pay for doctor or hospital care. Because of this fact the contract premiums charged the employes are necessarily low. Therefore, to make it possible to maintain the fees contained in this schedule, the Association must ask the doctors' cooperation in avoiding unnecessary expense.

This schedule is intended for usual services. Special consideration will be given in cases requiring special or unusual care. For fees for conditions not listed, doctors should communicate with the Association.

The Association reserves the right to modify this schedule and the rules and regulations as in its judgment is required.

10625 In major medical cases and in cases requiring multiple treatments or treatments over long peri-

ods, the Association reserves the right to make adjustments in charges from the listed fees,—depending on the nature of the condition and the time the case remains under treatment.

Cases of multiple conditions covered by flat fees will be paid on a basis of the major fee plus fifty per cent of each additional fee, except abdominal operations which will be paid on a basis of the major fee only.

Fees for calls include ordinary examinations and treatments of one or more conditions rendered during the same call. Flat fees apply to operations (major and minor) and to fractures, amputations and dislocations, and include subsequent calls and treatments of minor sicknesses or injuries attended at the same time.

****

CALLS—OFFICE, HOSPITAL, RESIDENCE OR ELSEWHERE

	Green Certificate only
Office Calls	
First Call (Where patient previously seen by doctor, fees for subsequent calls apply.)	2.00
Subsequent Calls	1.50
Hospital Calls	
First Call (Where patient previously seen by doctor, fees for subsequent calls apply.)	3.00
Subsequent Calls	1.50
Special Call—Night Emergency—10:00 P.M. to 6:00 A.M. (Time of call must be stated.)	5.00
Residence Calls (Within Three Mile Radius)	
First Call (Where patient previously seen by doctor, fees for subsequent calls apply.)	3.00
Subsequent Calls	2.50
Night Calls, Emergency—10:00 P.M. to 6: A.M. (Time of call must be stated.)	5.00
Mileage (One way beyond three mile radius from nearest point where medical service is available)	.50

Charges for daily calls or visits or daily treatments or dressings will be assumed only where the character or the severity of the sickness or injury clearly indicates the need for daily care, and the Association cannot assume charges

for routine calls where no treatments are necessary. The Association reserves the right to adjust charges to conform with this regulation.

MISCELLANEOUS

	Green Certificate only
Injections—	
Anti-Tetanus (Including Serum)	2.50
Hemorrhoid—Initial (Including Examination)	5.00
" " —Subsequent (Maximum incl. initial $25.00)	2.50
10626 Injections—(Cont'd.) Intramuscular or Subcutaneous	1.00
Intravenous	2.00
Varicose Vein—Initial (Including Examination)	5.00
Varicose Vein—Subsequent (Maximum incl. initial $25.00)	2.50
Physiotherapy	1.00
Spinal Puncture	7.50
*Consultation—Consultant to be engaged by the Association—Fees to be arranged at time consultant is engaged.	•

Fees listed as Miscellaneous are not considered flat fees. These fees apply when the special procedures listed are required and, in such cases, are to be substituted for fees listed for office, hospital, or residence calls.

Charges for minor miscellaneous procedures other than those listed will be included in the fees for calls or visits. Special procedures other than those listed will be paid at fees comparable to the fees listed for similar conditions.

Charge for physical examination will be paid only where patient's symptoms indicate need for special examination. The Association cannot assume charges for examinations where the examining physician is not equipped or qualified to perform the class of examination that the particular condition requires.

GENERAL SURGERY

These are flat fees and include diagnosis and subsequent care—*Authority and Consultation required for major surgery.* (See Rules and Regulations.)

• • • • •

10627 EYE, EAR, NOSE AND THROAT

These are flat fees and include diagnosis and subsequent care—Authority and Consultation for major surgery required. (See Rules and Regulations)

• • • • •

UROLOGY

These are flat fees and include diagnosis and subsequent care—Authority and Consultation Required for Major Surgery. (See Rules and Regulations)

• • • • •

10628 FRACTURES

Authority and Consultation Required for Open Reductions and other Major Work

• • • • •

10629 AMPUTATIONS

	Green Certificate only
Arm, Forearm, or Hand	50.00
Shoulder, Disarticulation	100.00
Finger or Toe	15.00
Hip, Disarticulation	100.00
Thigh, Leg, Ankle or Foot	75.00

Fracture, dislocation, and amputation fees cover entire care of such cases including cast materials and are maximum fees.

Green-stick fractures, chip fractures and others not requiring reduction will be paid for on proportionate basis according to work involved. Itemized statements of care of such cases must be rendered.

Compound fractures and those requiring open reduction will be paid for at fracture fees plus 50%.

Fracture fees cover one or more fractures of same bone.

Major fees only to apply in cases of fracture and dislocation of same bone or two bones involving same joint.

Fracture, dislocation, and amputation flat fees, when two or more conditions are involved (not the same bone or joint), will be computed on the basis of the major fee plus 50% of fee for additional injury.

X-RAYS—INCLUDING WRITTEN DIAGNOSIS

*Authorization required—See Rule 2, Rules and Regulations, Page 8.

		Green Certificate only
	Ankle (A. P. & L.)	4.00
	Antra (A. P.)	4.00
	Bladder (Flat Plate)	6.00
	*Bladder with Cystogram (By urologist only)	10.00
	*Chest (2 views or Stereo.) (By radiologist only)	8.00
	*Colon (Barium Enema) (By radiologist only)	8.00
	Elbow (A. P. & L.)	4.00
	Eye (1 View)	4.00
	*Eye Localization (By radiologist only)	12.00
	Facial Bones	8.00
	Femur (A. P. & L.)	6.00
	Finger (A. P. & L.)	3.50
	Foot (A. P. & L.)	4.00
	*G. B. (Plain) (By radiologist only)	5.00
	*G. B. & Dye (By radiologist only)	15.00
	*G. I. (Upper) (By radiologist only)	12.00
	*G. I. Complete (Includes Screen Study of Chest—(By radiologist only)	17.50
	*G. I. & G. B. Complete (Includes Screen Study of Chest—(By radiologist only)	25.00
	Hand (A. P. & L.)	4.00
	Hip (Flat View)	6.00
	Hip (Stereo. or 2 Views)	6.00
	Humerus (A. P. & L.)	6.00
	Jaw (2 Views) One Side	6.00
	Jaw (2 Views) Both Sides	8.00
10630	Knee (A. P. & L.)	6.00
	*K. U. B. (Flat Plate) (By radiologist only)	8.00
	Leg—Entire Lower (A. P. & L.)	8.00
	Mastoids (Single)	4.00
	" (Double)	6.00
	Nose (2 Views)	6.00
	Os Calcis (2 Views)	4.00
	Pelvis (1 View)	6.00
	" (Stereo. or 2 Views)	8.00
	Ribs (Stereo.)	8.00
	Ribs (1 View)	6.00
	Sacrum (Stereo. or 2 Views)	8.00

	Green Certificate only
Shoulder (Stereo. or 2 Views)	6.00
Sinus (1 View)	4.00
Sinuses (4 Views)	8.00
Skull (4 Views)	12.00
" (Lateral)	4.00
" (A. P. & L.)	6.00
Spine—Cervical, Dorsal, Lumbar or Sacrum	8.00
Sternum (2 Views)	8.00
Teeth—(Medical Diagnosis Only)	
—Upper or Lower	4.00
—Complete	6.00
—One View	1.00
—Second and Subsequent Views	.50
Toe	3.50
Wrist (A. P. & L.)	4.00

X-ray films with written diagnosis must accompany all bills for x-ray examinations.

Fees quoted are for x-ray diagnosis, and a sufficient number of views to establish a diagnosis must be taken.

All films received are read by a radiologist, and those not diagnostic will not be paid for by the Association.

X-ray examination for recheck of fractures to note position or progress and for recheck on medical conditions will be paid on basis of 50% of the original fee.

FEES FOR COMPENSATION INJURIES

Care for during-employment injuries is a part of compensation benefits and therefore is an expense to be assumed by the State Industrial Compensation Department or other compensation insurance carrier.

> Where the National Hospital Association is under contract to provide care for compensation cases, fees will be paid in accordance with the fees and regulations of the Compensation Department of the state in which the injury occurred.

10631 GENERAL INFORMATION

Generally, the National Hospital Association's contracts for industrial employes provide medical and surgical services, hospital care and related services for *acute sicknesses*

and *away-from-employment injuries by doctors and hospitals designated by the Association* and, subject to the provisions of the particular contract, extend the benefits to certain chronic conditions that become acute after stated periods of coverage.

As there are several classes of contracts varying in coverage and in the benefits provided, the attending doctor should communicate with the Association at once when any question arises as to an employe's eligibility to services at the expense of the Association. This is a protection to the doctor's account and will avoid misunderstandings. At the time of such communication the doctor should furnish the Association a complete history of the particular case under treatment.

Except as otherwise provided in the particular contract, the benefits do not apply for the following conditions: Insanity, Mental Disorders, Pregnancy and conditions arising therefrom; Conditions of the Female Generative Organs: Venereal Diseases; Alcoholism; Drug Addiction; Attempts at Suicide; Deformities, Congenital Conditions, Conditions existing at the time of coming under the agreement; Injuries resulting from intoxication or acts of violence nor to injuries for which third parties are legally responsible, nor injuries coverable by Industrial Insurance or Workmen's Compensation laws or contracts.

RULES AND REGULATIONS

1. *Charges for surgical operations will be assumed* by the National Hospital Association *only where complete diagnosis, including proper laboratory tests, has been provided and written Authority to operate at the Association's expense has first been obtained. In Emergencies* doctors should proceed to operate, and the Association will accept the charges as provided herein if the employe is found eligible.

The Association reserves the right to require *Consultation* in all cases of major surgery.

Pathological reports of tissue examinations must be furnished the Association by the hospitals. Where hospitals do not maintain recognized pathological departments, specimens, properly prepared, should be sent to the nearest registered pathologist or to the offices of the National Hospital Association in Portland.

2. *The Association will assume charges for Physical Examinations only to the extent necessary to diagnose a par-*

ticular existing condition. Charges will not be assumed for X-rays or laboratory examinations that are excessive or that do not relate to the particular condition under treatment. *If a patient's condition requires an examination or care by a specialist,* the attending doctor should notify the Association.

10632 3. Charges for *X-rays* will be assumed by the Association in locating foreign bodies and in cases of suspected fractures, but the Association will not assume charges for x-rays for medical diagnoses unless work is done by a qualified roentgenologist and authority for such examinations is first obtained. Films and readings must accompany x-ray charges, but charges for films which are not diagnostic will not be assumed. Charges for x-rays for dental diagnoses are not assumed by the Association.

4. Charges for *Physical Therapy,* including Diathermy, Electrotheraphy, etc., and charges for other special services will be assumed by the Association only after authority to provide such services at the Association's expense has first been obtained.

5. *Cases critical or unusual in their nature should be reported to the Association at once* and any case requiring services over a period longer than thirty days shall be reported to the Association each thirty-day period. The doctor's report should show patient's condition, progress, and an estimate of the additional care required.

* * * * *

HOSPITAL CARE

1. Where an employe requests hospital care at the expense of the National Hospital Association, the hospital shall immediately notify the Association, giving the patient's name, names of his employer and attending doctor and the nature and seriousness of the condition for which care is required. Upon receipt of such notice the
10633 Association will immediately investigate the patient's eligibility to care at its expense, but it cannot assume responsibility for the patient's care until eligibility has been established.

* * * * *

To facilitate prompt payment doctors should see that their bills are carefully itemized giving employe's full name, name of employer, case history, complete diagnosis,

dates of services and *nature of services rendered on each date.* Upon request by the attending doctors the Association will furnish forms for their reports and charges. All bills shall be subject to verification by the member. Employe's Treatment Certificates must accompany bills.

NATIONAL HOSPITAL ASSOCIATION

August 30, 1940.

Defendants' Exhibit 2719

10634 (Letterhead of National Hospital Association)

January 14, 1946

Charles D. Coyle, M. D.
201 Medford Building
Medford, Oregon

Dear Dr. Coyle:

We are in receipt of your letter of December 27th, and in reply, we shall be glad to cooperate with you. The matter of fees which you mention is satisfactory with the Association, at least for the present, and if at any time your payments are not satisfactory I would appreciate it if you would call it to my personal attention.

We understand, however, that the Oregon Physicians Services does not always pay their full fees.

Yours very truly,

(Signed) C C BECHTOLD
C. C. Bechtold
General Manager

CCB:meb

10635 October 12, 1946

Mr. C. C. Bechtold, General Manager
The National Hospital Association
732 S. W. Third Avenue
Portland 4, Oregon

Dear Sir:

I have your letter of January 14, 1946, in which your association agreed to pay the same fee schedule as the Ore-

gon Physicians' Service. One patient, Mr. Tom Perdue, received a check from your association in which this fee schedule was not adhered to. Please let me know if you have changed your decision concerning the fee schedule so that I will know what procedure to follow in regard to the National Hospital Association.

Yours very truly,

C. L. Coyle, M. D.

CLC/jd

Defendants' Exhibit 2720

10636 (Letterhead of National Hospital Association)

October 14, 1946

C. I. Coyle, M. D.
323 Medford Building
Medford, Oregon

Dear Doctor:

We acknowledge your letter of October 12 wherein you refer to a payment the Association made on behalf of Thomas E. Perdue who is a medical and hospital security individual member of the Association. You refer to a letter addressed to you written by Mr. Bechtold under date of January 14 wherein he advised you regarding the Association's payment of fees.

The Association has paid fees in accordance with Mr. Bechtold's letter in so far as the group industrial contracts are concerned. However, under the individual contracts the member makes arrangements for whatever care is required and thereafter presents a claim to the Association for payment through the member to the doctor up to the amount payable under the member's particular contract or reimbursement to the member. Under the contract by which Mr. Perdue is covered his fees are based on the premium payments he makes to the Association and office calls after the first two calls are payable at $2.00 per office call. The individual contracts vary as to premiums and payments made for medical services and have no connection with the group contracts or the fees payable under such group contracts.

We trust the foregoing explains the matter in Mr. Perdue's case; however, there is no attempt on the Association's part to set the fees a doctor may charge but we merely agree to pay up to the amount provided under the particular contract. With regard to the group contracts payments we might state we have completed a new schedule which is now in the hands of the printer and a copy of it will be mailed to you in the near future. We believe a review of the new fee schedule published will convince you that the fees the Association pays are equal or better than received by a doctor in private practice. We might also add that under this schedule the full amount of the fee will be paid without discount.

Very truly yours,

NATIONAL HOSPITAL ASSOCIATION

(Signed) W J PAGE
W. J. Page, Manager
Claims Department

WJP/bmk

10637 October 18, 1946

National Hospital Association
732 S. W. Third Avenue
Portland 4, Oregon

Attn: Mr. W. J. Page, Claims Department

Dear Sir:

I have your letter of October 14, 1946, in which you explain Mr. Perdue's contract with your association. I am interested not only in collecting the fees which I am entitled to, and which the National Hospital Association has paid since my return from the service, but also in seeing that my patients get the medical service to which they are entitled. Having accepted Mr. Purdue's National Hospital ticket, I should not expect him to pay me more than he can collect from your association. I am sure that he and others who have similar contracts with your association do not know that they are paying for half or two-thirds of the cost of their medical care and hospitalization.

I think there will be less difficulty for me in the future if I deal with the patient directly, as the other doctors

in Medford are doing, and let the patients collect what they can from the National Hospital Association. Then members of your organization can worry about how to explain to the patients why they have less than full coverage. However, the cases I have already undertaken I shall complete and bill the National Hospital Association for the same fees as the Oregon Physicians' Service pays in Medford.

Thanking you for your cooperation to date and hoping that our dealings will continue to be cordial, I remain

Yours truly,

C. L. Coyle, M. D.

CLC/jd

Defendants' Exhibit 2722

10638 (Letterhead of National Hospital Association)

November 2, 1934

Dr. Chas. W. Lemery
Medford, Oregon

Re: Chris Mathison—J. L. Casey
Employes of Owen-Oregon Lbr. Sales Co.

Dear Doctor:

We are in receipt of your letter reporting on the cases of Chris Mathison and J. L. Casey, both employes of Owen-Oregon Lumber Sales Co.

In the former case you advise removal of middle turbinates, anterior ethmoid cells and scar, which seems to be blocking the frontal and antral drainage. We take from your diagnosis that this is a condition chronic in nature. Therefore it is necessary to know if Mathison is paying under the Full Coverage Plan or the Standard Plan. If he is under the Full Coverage Plan he is entitled to whatever services are necessary to relieve his condition, while if under the Standard or limited plan he is entitled to treatment for acute conditions only. Should he be under the Full Coverage Plan and an operation be necessary, you have our permission to proceed, but we do not like these operations if they can be avoided and feel that they should be attempted only as a last resort. In referring to our records we find

that in March 1933 Dr. Emmens removed polyps from this patient's nose.

Regarding Mr. Casey, what we say regarding the Mathison case also applies. We are writing the Company to determine the status of both these men.

Yours very truly

NATIONAL HOSPITAL ASSOCIATION

(Signed) C. C. BECHTOLD
C. C. Bechtold
General Manager

CCB J

Defendants' Exhibit 2723

10639 (Letterhead of Industrial Hospital Association)

March 14, 1941

Dr. Charles W. Lemery
Medford Building
Medford, Oregon

Dear Dr. Lemery:

Your bill for doing a mastoidectomy for Ferris Winn of Grants Pass has been forwarded to us inasmuch as Mr. Winn is under the coverage of our medical contract service.

It is our wish to cooperate and work with you and the other doctors in Medford just as fully as possible, and we are happy to say that, in turn, most of the doctors in Medford are being very fair in their treatment of us. You appreciate, I am sure, that the fees which can be paid under a medical contract are not as high as many doctors would expect to charge in their private practice, yet we endeavor to pay all bills promptly, so that the doctors can feel that their fees should be considered as cash, without the risk of loss in collections.

A fee of $150.00 which you have charged for the Winn case is undoubtedly in line with your private fees, but it is higher than any Hospital Association can expect to pay under their medical contracts. We believe our fees are as high as those being paid by any Hospital Association in the State, and the purpose of this letter is to ascertain whether you are willing to cooperate with our Association to the

extent of accepting payment on the basis of our fee schedule. We hope that we can have this cooperation from
10640 you and, in turn, will be glad to reciprocate in every way possible.

We will appreciate hearing from you.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

(Signed) WILL T. KIRK
Will T. Kirk, General Manager

WTK:cs

10641 Industrial Hospital Assoct.
Medical Arts Bldg.
Portland, Oregon

Gentlemen:

In re: Account of Mr. Ferris Winn
Grants Pass, Oregon.

In reply to your letter regarding the fees in the above account wish to let you know that I will accept the mastoid fee of $75.00 for the operation and an additional fee of $6.00 for the XRays taken.

Trusting this is the information you desire, I am

Yours very truly,

C. W. Lemery, M.D.

C.W.L. FW
3.19.41.

Defendants' Exhibit 2724

10642 (Letterhead of Industrial Hospital Association)

April 14, 1942

Dr. Chas. W. Lemery
Medford, Oregon

Dear Dr. Lemery;

Enclosed is our check in the amount of $16.00 to cover two accounts. We wish to call your attention to the manner of payment in connection with the V. R. Beer case. This

was billed to us at $13.50, and we are taking the privilege of making payment of the same at $11.00. The difference we believe is in the amount charged for refraction. Under our schedule we make a $5.00 allowance for this examination. We trust that this will be satisfactory to you.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

(Signed) E. M. BOYER
Service Manager

EMB:IB
Enclosure

10643 (This page is written in shorthand.)

10644 Industrial Hospital Association
Medical Arts Bldg.
Portland, Oregon

Gentlemen:

In re—Mr. V. P. Beer
C.O. Power Co.

I am in receipt of your letter in regard to Mr. Beer and may state that I washed his antrum and dilated his pupils so that I do not feel that I have charged you too much.

Starting April first our fees will increase twenty percent over your rates as we feel the cost of medical care has risen that much. We are making the same raise in all private cases and all the insurance companies working for the Cantonment. We are in hopes that State rates will also be raised. We shall so notify your subscribers when we take care of them and that they are held for the difference if you do not pay it. I do not feel that you are over charged in the treatment we gave Mr. Beer in an effort to find out what was wrong with him.

Yours very truly,

(Signed) C W L
C. W. Lemery, M.D.

C.W.L. FW
4.17.42.

Defendants' Exhibit 2726

10645 January 16, 1940

Dr. R. E. Poston
Ashland, Oregon

Dear Dr. Poston:

Your letter of December 19th, requesting a clarification of the policy of the Oregon State Medical Society with respect to the ethical relationships of members in serving subscribers of unapproved hospital associations and similar organizations, was presented at a meeting of the Council on Saturday, January 13th. We have received a number of similar inquiries from members.

The Council adopted a policy on this subject. A copy of this policy is enclosed.

This policy was adopted for the guidance of members of the Oregon State Medical Society. Our records do not indicate that you are a member.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by .....
Secretary

10646 OFFICE: SWEDENBURG BLDG.
TELEPHONE 210

RESIDENCE: 145 SHERMAN ST.
TELEPHONE 466

R. E. POSTON, M. D.
PHYSICIAN AND SURGEON
ASHLAND, OREGON

December 19, 1939.

Dr. Morris L. Bridgeman, Secretary,
Oregon State Medical Society,
Portland, Oregon.

Dear Dr. Bridgeman:

May I ask a clarification of the ruling passed by the Oregon State Medical Society on December 3?

In regard to handling cases who are covered by lay hospital associations, what is the proper procedure? Since

January 1, 1939, when our local society ruled out direct dealings with those associations, I have handled them in the following way. Please inform me if I am within the spirit of the State ruling.

A patient covered by such organization comes in for treatment and offers me his ticket, whereupon I inform him that I do not accept the ticket but he should keep it forward it to the association along with the bill which is presented to him at the time of treatment or upon completion of treatment if it is of longer duration. If the patient offers to pay me cash I give him a receipted bill.

Those organizations usually send me a check direct for services rendered or reimburse the patient if he has paid cash. These checks I have been indorsing and depositing. In the cases where the patient has been sent the check he indorses it and sometimes turns it over to me, other times pays me cash. I have at no time sent bills to the associations direct. This system is followed by several members of our organization here, I believe the majority, but some members, I understand refuse the checks sent them direct by the organization but accept them if sent to the patient and indorsed by him. Wherein lies the difference?

I would appreciate your answer on this controversial subject.

Very truly yours,

(Signed) R. E. Poston
R. E. Poston, M.D.

Defendants' Exhibit 2728

10647 (Rough Draft)

February 9, 1942

Forcia & Larsen
Noti, Oregon

Gentlemen:

We are in receipt of the copy of the letter which was recently sent to you by the Sacred Heart General Hospital, and since receiving a copy of the letter, the writer has had a personal talk with Sister Theodore Marie, Superintendent of the Hospital, in which it was understood that the hospital will make arrangements with the employe personally and the Association will reimburse the member. Where

the employe is unable to assume the charge until he can recover from us, the Association will protect the hospital in the account. I believe you can understand the reason for this notice from the hospital; however, this does not in any way interfere with the services to which your employes are entitled under this Association's contract, since our obligation is to them.

We prefer this plan where the employe personally takes up his bill, since it gives us the advantage of the patient checking the services he has received and makes him more conscious of the benefits he has received under his contract. It also protects the hospital in cases not entitled to services at the Association's expense who request the hospital to charge their accounts to the Association,—which sometimes occurs. It is true it may not be as easy for a patient to enter the hospital under this plan, but no patient will be denied services to which he is entitled and will probably be more appreciative of his Protection by knowing the amount that is paid out for his care.

Arrangements have been made for our visiting nurse to call on the hospital early this week, after which a representative will call on you for the purpose of completing this new plan; and at which time I would appreciate it if arrangements could be made for him to meet with the representatives of the employes.

With reference to the case of Joe Lopez, when he has received his itemized bill from the hospital, please ask him to send it to this office and we will return our check in payment.

Yours very truly,

CCB:ma

Defendants' Exhibit 2729

10648 August 11, 1944

Mr. Bechtold:

Please note attached letter from Mr. E. Leon C. Smith of the Prouty Lumber Company, which refers to claim he has for services rendered by Dr. Fowler. Mr. Smith states that the doctor refused to give up the x-rays. Would this not be another case on which we might receive some help from the Union.

W. J. Page

WJP:gwf

Defendants' Exhibit 2730

10651

LAKEVIEW HOSPITAL,
INCORPORATED
Genevieve Johnson, Supt.
Lakeview, Oregon

Chas E Leithead, M D
E. D. Everett, M. D.
Secretary

H E Kelty, M D
Wm. P. Chisholm, M. D.
Chas. E. Leithead, M. D.
W. Penn Wilbur, M. D.
Directors

February 12, 1937.

National Hospital Association,
Portland, Oregon.

Gentlemen:—

This is to acknowledge receipt of your check for $15.75, in partial payment of account of Sam Taylor—total of which was $23.25, still leaving a balance of $7.75 due.

There is likewise a balance of $3.43 from a $12 charge, in the case of Mrs. Wayne Schreiber, on which $8.57 was paid Dec. 15.

The Lakeview Hospital, Inc., wishes to be fair in its dealings, but a careful analysis of patient days for the year 1936, and the total operating cost, shows a perdiem per patient cost of $4.70; we furnish hospitalization to our own physicians and nurses at cost, and those are the rates which we collect from them. We have several industrial contracts, and $5.00 per day is the rate paid by these contracts —all except relief cases, for which we are paid $3.75, and State Accident Cases for which we collect $3.00; both of the latter are carried at considerable below cost.

We do not feel that we are under any obligation to grant the National Hospital Association a rate so far below cost. Hence, if you refuse to pay a $4.50 ward rate, it will be necessary to collect the difference from the patient himself, or else to refuse all National Hospital Association cases.

May we expect these two deductions of $3.43 and $7.75.?

Very sincerely,

LAKEVIEW HOSPITAL, Inc.

E. D. Everett, M D, Secy-Treas.

Defendants' Exhibit 2731

10653 Mar. 6, 1937

Industrial Hospital Assoc.,
Med. Arts Bldg.,
Portland, Ore.

Gentlemen:

In regard to your inquiry concerning the medical care of the employees of the Medford Concrete Company who are now working at Valley Falls, I find the Doctors of Lakeview unwilling to perform the work at your stipulated rates.

The Lakeview Hospital is owned by the five physicians of this city, and operated as a closed staff institution. All industrial work carried on here is shared equally by the physicians. No one physician is permitted to take over any assignment such as your contract work about to start. Furthermore it is agreed among the physicians that such work will not be done for less than the rates allowed by the State Industrial Acc. Commission.

In regard to hospital rates, I find your rates to be far below our per-diem cost for the year 1936, which in our twelve bed hospital is $4.70. We will have to ask you to pay the regular fee of $4.50 for ward beds, $5.00 for semi-private and $6.00 for private rooms. Drugs and dressings at cost with a promise to keep these at a minimum, but allowing the physician a free hand to treat the patients as he thinks best. We cannot provide expensive serums etc. at $2.00 per week.

Surgery Fee (not including anaesthetic)	
Major Operation	$15.00
Minor "	6.00
Anaesthesia General by Doctor	10.00
" Spinal "	5.00
" General "	5.00
" Local "	at cost
Routine Lab. Work	2.50
Hospital Calls	1.50

Other charges as listed by Accident Com.

Sincerely,

Lake view Hosp. Inc.

Defendants' Exhibit 2732

10655 (Letterhead of National Hospital Association)

May 1, 1940

Sister Petronella, Superior
St. Vincent's Hospital
Head of Hoyt Street
Portland, Oregon

Dear Sister Superior:

I have just learned that S. Vincent's has been committed to organizing a hospital insurance system among the hospitals and that you are to serve on a committee appointed to organize the service.

This probably should be no concern of mine, but in view of our long, pleasant relations—during which time the National has been rather constant with your hospital—I should dislike to feel that you would be a party to any plan that might injure us. However, as I understand a member of this committee recently was elected to the directorate of a bureau competitor of our's, I feel somewhat alarmed.

May I have the opportunity of discussing this matter with you?

Sincerely,

(Signed) C. C. BECHTOLD
C. C. Bechtold

CCB J

Defendants' Exhibit 2733

10657 CHAIRMAN: RALPH NELSON

SECRETARY: CELIA BAST, R. N.

PORTLAND COUNCIL OF HOSPITALS
PORTLAND 12, OREGON

OFFICE OF THE SECRETARY
1132 N. E. SECOND AVE.

December 27, 1943

Providence Hospital
700 N. E. 47th
Portland, Oregon

Gentlemen:

The hospitals are confronted with a problem which is growing to rather serious proportions, and the Council has instructed me to bring it to you, in the hope that we may be able to bring about a more satisfactory condition in regard to the difficulty that we face.

There are a great many patients presenting themselves at the hospitals for admission, representing themselves to be covered by a contract of insurance which will provide for their hospital expense. Then after a period of several weeks, in quite a number of cases, the hospital is advised that the patient was not under coverage for one reason or another. It is then too late in most instances for the hospital management to do anything about it, and very often the result is that the hospital s unable to collect from any source for its services.

The position of the hospital would be much better if at the time of admission, or shortly thereafter, it could know the true status of the patient relative to the insuring agency. The problem is becoming so serious to some of our hospitals that it has even been sugested that it might be necessary to adopt the policy of holding the patient personally responsible in all cases and requiring payment from him; then refunding him any amount realized from the insurer. The Council has advised against this course, feeling that if the matter is properly presented to the insurers, a way can be found by which the patient can furnish evidence of the liability of his insurer.

We are therefore, as a group, asking that you give careful study to this problem. From the hospital viewpoint, the

thing that is needed is either that the patient be supplied with some form of identification that will prove his eligibility upon admission, or that by contacting your office, his status may be cleared at once upon admission. It is the desire of all our member hospitals to co-operate with you, and we feel sure that by thus bringing the problem to your attention you will devise some method of helping us with it. We will be glad to confer further with you, either individually or through our Council, to the end that we may get a method worked out.

Yours truly,

(Signed) R W Nelson
R. W. Nelson, Chairman

Portland Council of Hospitals.

MEMBER HOSPITALS:

COFFEY MEMORIAL HOSPITAL
EMANUEL HOSPITAL
GOOD SAMARITAN HOSPITAL
HAHNEMANN HOSPITAL
PORTLAND SANITARIUM & HOSPITAL
PROVIDENCE HOSPITAL
ST. VINCENT'S HOSPITAL
UNIVERSITY OF OREGON MEDICAL SCHOOL
HOSPITALS AND CLINICS

Defendants' Exhibit 2734

10658 (Emblem)

PORTLAND SANITARIUM & HOSPITAL
MEDICAL, SURGICAL AND MATERNITY
932 S. E. SIXTIETH AVENUE
PORTLAND 15, OREGON

OFFICE OF
R. W. NELSON
ADMINISTRATOR

July 23, 1944

Sister Rose Imelda
St. Vincent's Hospital
2447 N. W. Westover
Portland, Oregon

Dear Sister Imelda:

I wish to call your attention to the fact that no formal notice has been given the various hospital insurance contractors relative to our recent resolution under which we plan to discontinue credit dealings with these organizations on September first. You will probably recall that after this resolution was passed there was some discussion as to the manner of giving notice and it was thought best not to send out written notices to these people, but that each hospital should deal with the matter itself in its relations with the various contractors.

Verbal notice has been given the Oregon Physicians' Service through its president and three other members of its board of trustees. So far as I know, no notice has been given any other contractor.

Sincerely,

(Signed) R W NELSON
R. W. Nelson, Chairman.

PORTLAND COUNCIL OF HOSPITALS.

RWN/d

Defendants' Exhibit 2735

10660 NORTHWEST HOSPITAL SERVICE PLAN
A NON-PROFIT HOSPITAL SERVICE CORPORATION

(Emblem)
The
"BLUE CROSS PLAN"

Telephone BEacon 3128
1200 S. W. MORRISON STREET
PORTLAND 5, OREGON

January 30, 1945

Mr. A. L. Morland
Emanuel Hospital
Portland, Oregon

Dear Mr. Morland:

Enclosed is a copy of a letter which Mr. McNaughton has asked me to forward to you.

He also suggested that if you have an opportunity, he would like to discuss the matter set forth in the letter sometime prior to the meeting with the Oregon Physicians' Service representatives next Sunday.

Very truly yours,

NORTHWEST HOSPITAL SERVICE PLAN

(Signed) F F DICKSON
Manager

FFD:mlp
Encl.

10661 January 30, 1945

Mr. E. B. McNaughton
President, Northwest Hospital Service Plan
First National Bank Building
Portland, Oregon

Dear Mr. McNaughton:

I feel that the forthcoming meeting of the representatives of the Northwest Hospital Service Plan and the Oregon Physicians Service next Sunday will at least be the beginning of a workable arrangement to coordinate medical and hospital services in Oregon.

One matter which I am certain will be discussed and possibly made the principal issue at the joint meeting, is

the question of participating hospitals recognizing only the Blue Cross card as a basis for credit. This matter has been discussed many times in the past by the hospital representatives, and, as your know, a resolution was adopted by the executive committee recommending that such a policy be adopted by the various hospitals. This failed in its accomplishment because of the lack of mutual cooperation among the hospitals carrying out the policy recommended.

Our Plan is not called upon to pioneer a new development in this regard, but rather the Oregon plan is lagging behind others in not adopting and adhering to such a policy. Dr. Louis Reed, Senior Economic Analysist of the U. S. Public Health Service, with whom you talked, has visited and surveyed over 40 Blue Cross Plans and numerous other pre-paid medical and hospital plans throughout the country, and he has informed me that practically without an exception the participating hospitals with other plans accept only the Blue Cross card for credit. He felt that this attitude was a natural one and essential to the development and success of the Blue Cross movement. This same opinion has been expressed by Dr. Rorem and others who have contributed to the successful operation of individual Blue Cross Plans.

Reasons which have been expressed against adoption of such a policy include the matter of moral and ethical obligations of hospitals to administer to the sick or injured, and the question of legal liability based on the decision in favor of Group Health, Washington, D. C. against the American Medical Association under the anti-trust laws.

10662 In the former case it seems the hospital would not be shirking or evading its essential function in observing the same requirements for admission of a person insured in a commercial company as it does in the case of an individual not insured. The hospital determines its admission procedure and is the judge of its credit requirements for services. But recognizing only the card of their own organization would not be discriminating against a patient who is not a Blue Cross member as to the services available. The patient other than a Blue Cross member would be treated in the same manner as any patient who is not now covered by any insurance or hospi-

tal service coverage. If the patient is covered for hospitalization, he can obtain re-imbursement from the company by whom he is insured.

The question of legal liability under the case above cited, I am advised, would not apply in the instance of determining credit requirements for hospital admittance. Any institution, firm, or person is free to make an individual decision as to the extension of credit, and it can not be construed as discriminatory when such credit facilities are confined to the hospital's own sponsored, controled, and financed Blue Cross Plan.

In view of precedent established in other plans and the fact that hospital-patient relationship as to service available would not be disturbed, I would like to see the participating hospitals support their plan in the matter of exclusive credit recognition. I believe that adoption of such a policy would be of great assistance in achieving coordination of hospital and medical service under nonprofit standards and help accomplish the objectives for which Blue Cross is aiming.

Very truly yours,

NORTHWEST HOSPITAL SERVICE PLAN

Manager

FFD:mlp

Defendants' Exhibit 2736

10664 A movement has been started at St. Vincent's Hospital to procure a suitable memorial for the late Dr. Charles G. Sabin. I have been appointed chairman of the committee for gathering funds for that purpose.

The thought in mind at the present time is to furnish a surgery with a name plate on it to be known as Dr. Sabin's Surgery.

The men already contacted have been very generous in their replies, but it will take considerable money to fulfill this ambition. If you are in favor of this plan and are willing to subscribe, please let me know.

Please make out checks to St. Vincent's Hospital and send them to me.

Sincerely,

Dr. R. A. Bissett.

$100.00
75.00
50.00
25.00
10.00

or any amount you care to give.

Defendants' Exhibit 2737

10666 September 4, 1948

Mr. Troyer N. Thompson
Astorian Budget
449 Duane Street
Astoria, Oregon

Dear Mr. Thompson:

We appreciate very much your letter of the 1st, wherein you related your recent experience.

It is a funny thing, but in recent years, this whole boycott business has apparently begun to fall apart because of its own weight. This past year, we made a survey and found where we had made direct payment to over twelve hundred doctors and dentists and the last several months, we noticed so many new names in our remittances that we made another survey and were pleased in learning that over two hundred new doctors and dentists have begun billing us since the first of the year.

The O. P. S. is having its trouble, the same as everyone else is, with this vicious spiral of increasing costs and we have been advised that throughout pretty much of the state the doctors co-op is able to satisfy, at least satisfy them to where they will accept it, the doctors with payment at the rate of fifty cents on the dollar. We have been told that certain areas where funds had been poured in, to keep us out of the area, are also being discounted fifty per cent.

Whether or not the doctors recognize that these "Lewis type" tactics of theirs and un-American boycott are the things that will hasten the nationalization of their pro-

fession, or whether it is because of this unfortunate economic experience they are enjoying through the co-op or whatever it is, the tables seem to be turning and the doctors themselves, in many areas, are mellowing. Thus far, it has not extended to some of the nurses or office girls who have been exposed to so much O. P. S. poison and they are a little slower in swinging than the doctors are.

While we appreciated your note, we appreciated your understanding of this situation a great deal more, and trust we may conduct our affairs so as to warrant your continued support.

Upon receipt of this bill covering Dr. Rafferty's services, we will make prompt reimbursement.

Very truly yours,

INDUSTRIAL HOSPITAL ASSOCIATION

Ray Brunkow, General Manager

RB:aa

Defendants' Exhibit 2738

10668 March 13, 1939

MEMO:

RE: John Patterson, employe of Carlton Mfg. Co.

Dr. Guy F. Via of Forest Grove phoned me Saturday, March 11th, wishing authority to remove the appendix of John Patterson, employe of the Carlton Manufacturing Company. The doctor spoke in his usual self-assuring tones. I told him that before the Association could agree to assume the expense of an operation we would have to investigate the case and that if authority was granted the doctor would have to furnish us with a report of the laboratory findings and furnish the Association with a report of the removed tissue by a recognized pathologist and suggested that he send the tissue to the Good Samaritan Hospital. Dr. Via emphatically refused, stating that they would make their own examinations. I therefore told the doctor that the Association could not assume the charges either for his service or for the hospital but that so far as the operation was concerned that was entirely between him and the patient.

C. C. Bechtold

CCB:mcp

Defendants' Exhibit 2741

10669 (Letterhead of National Hospital Association)

December 20, 1937

Dr. Dwight H. Findley
Medford, Oregon

Re: Mildred Kenton

Dear Doctor:

I have just read the letter you wrote to Miss Berger regarding the Mildred Kenton case and I think you know that if we are in error we will, of course, assume this account, but from the information we have been able to obtain, the case definitely is not ours.

However, we are having a special investigation made and as soon as this is completed we will advise you.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

(Signed) C. C. BECHTOLD
B

C. C. Bechtold
General Manager

CCB B
cc Hospital

10670 December 18, 1937

Miss Mildred Berger
Welfare Department
National Hospital Assn.
Mohawk Building
Portland, Oregon

Dear Miss Berger:

I received your letter concerning Mildred Kenton, an employee of the American Fruit Growers, who you state was not eligible for your services at the time of her operation.

I do not quite understand upon what basis you find her ineligible. She came into my office from work. I verified her employment by calling the American Fruit Growers

the day that she was operated on. Yesterday I called her employer regarding her hospital slip which was made out on October 20 and they state that at the time she was operated on she had been employed there for some time.

I should appreciate a letter from you explaining further why her case has been rejected.

Yours very truly,

DHF:GE

10672 February 5, 1938

Mr. W. J. Page, Service Mgr.
National Hospital Assn.
716 S. W. Third Ave.
Portland, Oregon

Re: Mildred Kenton

Dear Mr. Page:

Since your letter of December 30 in regard to Mildred Kenton, employee of American Fruit Growers, I have been extremely negligent about my correspondence. Previously, I believe I have written about her symptoms and operative findings, but I will repeat from memory, what I remember of the case.

Mildred Kenton entered my office first on October 6, 1937 at noon. She had been working up until that time on that day. Her symptoms at that time were extreme pain in the right lower quadrant, nausea, and the inability to stand erect without further pain. She gave a history of having slight distress in her abdomen since the first part of the week but the extreme pain had come on that morning while at work. On physical examination, I found her exquisitely tender over the appendix region. This pain was accentuated when she raised her right leg against palpation. I felt that her symptoms were enough to warrant a blood count and I sent her to the Community Hospital for a blood count. I do not remember what the blood count was at that time but I believe I have reported this previously. I had Dr. Green see her in consultation that evening and he felt, with me, that she had a surgical abdomen. I called Portland by phone and as I remember I spoke to you about the case and you stated that if she were covered by your protection and that if we felt it were a surgical emergency to go on and operate.

I called the American Fruit Growers and verified her employment and operated on her. Her appendix was definitely involved. Her operative recovery was uneventful. She left the hospital on about the 14th of the month. I dressed her wound on the 16th and 19th in my office. She was not able to get a National Hospital slip on the day of her operation because she did not feel physically able to go to the packing plant for it. On about the 20th of the month, she was able to go to the packing plant where she obtained her National Hospital slip and this was sent in with my bill.

10673 In your various letters to me about this case you have never made clear the question of why there has been a delay in payment of this bill or why it was turned down. I am at a loss to see in her employment or in her condition for which she was operated any reason for question as to the bill. Her employment was verified at the time of the operation and has repeatedly been verified since. The condition was an acute one at the time. She was seen in consultation by a reputable physician.

If there is any further information you wish from me, I shall be glad to answer it but I should like to have this case straightened out at an early a date as possible.

Sincerely,

DHF:GE

P S: The American Fruit Growers are the same as Betz Packing Company. Betz had a contract for packing American Fruit Growers fruit.

10674 (Letterhead of National Hospital Association)

December 30, 1937

Dr. Dwight H. Findley
Medford, Oregon

Re: Mildred Kenton, employe of Betz Packing Company

Dear Doctor:

We have your letter of December 18 regarding Mildred Kenton of the American Fruit Growers. We are making a further investigation of this case, but in the meantime

we would like to have you furnish us with a more complete history of the case showing the date this patient first came under your care, what history she gave you at the time regarding any previous attacks or if this was an attack that developed on the date of her first appearance at your office.

Very truly yours,

NATIONAL HOSPITAL ASSOCIATION

(Signed) W. J. PAGE
W. J. Page
Service Manager

WJP/mk

10675 (Letterhead of National Hospital Association)

February 14, 1938

Dr. Dwight H. Findley
Medford, Oregon

Re: Mildred Kenton, employe of American Fruit Growers

Dear Doctor:

Recently you wrote us with reference to your charge in the case of Mildred Kenton, employe of the American Fruit Growers, for an operation you performed on October 6, 1937, and inform us she was working on the day that she applied to you for services.

Will you please inform us where you obtained this information? We have earnestly endeavored to establish the status of this case, but the best information we are able to receive is that she was last employed on September 30, 1937. However, it is possible that you have been able to obtain some information that we have not received.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

(Signed) C. C. BECHTOLD
C. C. Bechtold
General Manager

CCB:s

Defendants' Exhibit 2742

10676 (Letterhead of Industrial Hospital Association)

June 23, 1938

Dr. Dwight H. Findley:
Medford
Oregon

Dear Dr. Findley:

It will be satisfactory for you to proceed with the tonsillectomy in the case of G. W. Medley, employee of the California Oregon Power Company, providing he has a hospital ticket showing dues paid for the current month. Payment of your bill will be made on the basis of our usual fees.

However, be sure to ascertain whether or not Mr. Medley has been employed for six months or longer as if he has not we cannot assume responsibility for your bill in this case.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

(Signed) V. NELSON
Service Manager

VN:BC

Defendants' Exhibit 2743

10677 (Letterhead of Industrial Hospital Association)

April 2, 1938

Dr. Dwight H. Findley
Medford, Oregon

Dear Dr. Findley:

The hospital ticket which you sent us with your bill covering services rendered G. W. Medley in February did not show to what date dues were paid. It is necessary for us to have a February ticket for this employee, if he

is entitled to the same, and will appreciate your forwarding us one so that we may dispose of your bill.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

(Signed) V. NELSON
Service Manager

VN:BC

Defendants' Exhibit 2744

10678 (Letterhead of National Hospital Association)

November 23, 1938

Dwight H. Findley, M. D.
Medford, Oregon

Dear Doctor:

Included with your bills for services rendered various employes during the month of October we note charges for the following for cold shots: Esther Hobbs, Marie Furry, John Jensen, Raymond Furry, and Addie Steadman.

The Association's contracts do not provide for preventatives for colds, hay fever, asthma, etc. The preventatives that are taken care of in the contract are in those cases where employes have been exposed to a contagious disease subject to law by quarantine. Will you kindly advise concerning the service furnished in these particular cases and also your opinion as to the value of cold vaccines in view of the article on this subject in The Journal of the American Medical Association dated September 24?

Very truly yours,

NATIONAL HOSPITAL ASSOCIATION

(Signed) W. J. PAGE
W. J. Page, Manager
Department of Claims

WJP/mk

Defendants' Exhibit 2745

10679 (Letterhead of National Hospital Association)

October 19, 1938

Dr. Dwight H. Findley
Medford, Oregon

Re: B. W. Mathews, employe of Medford Corporation

Dear Doctor:

You presented a bill for care of B. W. Mathews, an employe of the Medford Corporation, and we note this man was given five shots of cold serum. From your diagnosis we are assuming this was given in the way of treatment for a cold, and the account is being paid. We might advise, however, that the Association does not pay for preventative cold shots since this service is not included in its contracts.

Concerning the advisability of cold shots, we recently noticed an article in The Journal of the American Medical Association dated September 24 which would indicate that cold shots, either orally or by injection, are of little or no value. Have you read this article and, if so, what is your opinion?

Very truly yours,

NATIONAL HOSPITAL ASSOCIATION

(Signed) W. J. PAGE
W. J. Page, Manager
Department of Claims

WJP/mk

Defendants' Exhibit 2746

10680 (Letterhead of National Hospital Association)

May 24, 1938

Dr. Dwight H. Findley
Medford, Oregon

Re: Frank Peterson, employe of Abbey Motor Company

Dear Doctor:

Regarding Frank Peterson of the Abbey Motor Company for whom you recommend extraction of abscessed teeth, we find Mr. Peterson has been employed by this company for a sufficient period to entitle him to treatment of chronic conditions. Therefore, if in your opinion it is necessary that the teeth be extracted in order for him to get relief we authorize the service. We are returning the films since the dentist will probably require them in connection with the extractions.

Very truly yours,

NATIONAL HOSPITAL ASSOCIATION

(Signed) W. J. PAGE
W. J. Page
Service Manager

WJP/mk
Enc.

10681 May 20, 1938

Mr. W. J. Page, Service Mgr.
National Hospital Assn.
716 S. W. 3rd Ave.
Portland, Oregon

Dear Mr. Page:

Some time as elapsed since I corresponded with you about having Mr. Frank Peterson's, of the Abbey Motor Company, wisdom teeth extracted.

He continues to have severe pains in his lower jaw and various types of muscle pains over his body.

In your last letter you requested a report from Dr. Bunch with X-rays of these teeth. I am inclosing X-rays of the teeth and hope that Dr. Bunch will report to you soon because this man is very desirous of getting relief.

I do not believe that Dr. Bunch is too anxious to pull the teeth as they are very difficult extractions, but I should like to have your authorization so that he can have them pulled.

Sincerely,

DHF:GE

10682 (Letterhead of National Hospital Association)

February 28, 1938

Dr. Dwight H. Findley
Medford, Oregon

Re: Frank Peterson, employe of
Walter W. Abbey Company

Dear Doctor:

Regarding Frank Peterson of the Walter W. Abey Company for whom you recommend extraction of impacted molars, we suggest that you have Dr. Bunch furnish us with a report and X-rays of these teeth. When we have Dr. Bunch's report we will advise him of the Association's responsibility for the expense of these extractions.

Very truly yours,

NATIONAL HOSPITAL ASSOCIATION

(Signed) W. J. PAGE
W. J. Page
Service Manager

WJP/mk

10683 (Letterhead of National Hospital Association)

February 22, 1938

Dr. Dwight H. Findley
Medford, Oregon

Re: Frank Peterson, employe of Walter W. Abbey Company

Dear Doctor:

Regarding Frank Peterson of the Walter W. Abbey Company for whom you recommend extraction of impacted molars, it will be necessary that we make an investigation of this man's period of employment before we can authorize this service. The Association does not agree to bear the expense of extraction of impactions unless in connection with the treatment of a chronic condition for which we would be responsible under the terms of our contract.

Very truly yours,

NATIONAL HOSPITAL ASSOCIATION

(Signed) W. J. PAGE
W. J. Page
Service Manager

WJP/mk

Defendants' Exhibit 2747

10684 DWIGHT H. FINDLEY, M. D.
MEDFORD, OREGON

August 19, 1940.

Ralph Furrer,
District Supervisor,
National Hospital Association,
Medford, Oregon.

Dear Mr. Furrer:

Enclosed you will find the check which you sent this office this morning.

In your letter you state that you had an understanding with me that I would except the State Industrial Accident

Commission fee on Mr. Kessler's operation. You seem to have a very short sighted memory and a decided tendency for misstating yourself. If you remember I sent Mr. Kessler to your office before his operation making it clear that it made no difference to me whether I operated on National Hospital cases or not but that if I did I did not want to haggle over the payment of the bill after it was done. You called this office and said of course I would except the State Industrial fee and I stated that my fee was $75.00 and stated that this was not a State Industrial case and that it was more difficult than the ordinary hernia case. These are the facts on the case and any statement otherwise is your making.

Mr. Kessler has a charge of $25 in this office for a vasectomy and $75 for the surgical repair of an irreducible hernia.

I have done all that I could do to prevent this contraversy by making arrangements prior to surgery.

Please do not direct any further mail about this case to this office.

Sincerely,

(Signed) DWIGHT H. FINDLEY M. D.

10685 (Letterhead of National Hospital Association)

Medford, Oregon
August 18, 1940

Doctor D. H. Findley
Medford, Oregon

Dear Doctor:

I am returning the attached check which you sent to this office on August 14th.

Previous to this operation the writer had an understanding with you that the fee on this case would be that allowed by the State Industrial Accident Commission. If you have additional charges against Mr. Kessler other

than those in our previous agreement and as rendered in your statement, they should be sent to Mr. Kessler.

Very truly yours,

(Signed) RALPH FURRER
Ralph Furrer
District Supervisor

RF:r
attach.

Defendants' Exhibit 2748

10686 (Letterhead of National Hospital Association)

February 22, 1938

Dr. Dwight H. Findley
Medford, Oregon

Dear Doctor:

We received your letter of February 18 reporting that Merle J. Haas of the Rogue River Valley Irrigation Company and Mrs. Robert E. Walker of the Pinnacle Packing Company should have their tonsils removed. It will be necessary that the Association make investigations to determine its responsibility for the services recommended. In the meantime, however, we would like to have you advise the period each case has been under your care for the conditions reported and what methods of treatment have been used prior to your recommendations for tonsillectomies?

Very truly yours,

NATIONAL HOSPITAL ASSOCIATION

(Signed) W. J. PAGE
W. J. Page
Service Manager

WJP/mk

Defendants' Exhibit 2749

10687 (Letterhead of National Hospital Association)

March 7, 1938

Dr. Dwight H. Findley
Medford, Oregon

Dear Doctor:

Mr. Page has referred to me your letter of February 24 relating to the several cases for which you requested authority to remove tonsils, and I notice with some regret that you seem to feel this Association is questioning your judgment.

However, that is not our intention nor is it our purpose in writing for more specific information as to the need of an operation. Of necessity, there are certain provisions in the contracts that control benefits relating to surgery, e. g., a member is not eligible to a tonsil operation unless he has been steadily under the coverage of the Association for a period of six months and is under treatment for some systemic trouble to which diseased tonsils are the contributing cause. In other words, the Association does not agree to remove tonsils just because the tonsils themselves may be enlarged or infected. If we did undertake to do so, I believe you will agree that we would be called on to remove tonsils for almost everyone under the coverage. Then, too, there is a growing practice among some of the men in the medical profession to encourage these operations where it is not necessary as you probably know. Therefore, it has become necessary for the Association to make careful inquiry into the employe's period of employment and the condition for which the tonsils are to be removed, and, unfortunately, this does sometimes work an inconvenience on the honest doctor.

In the case of Merle J. Haas, employe of the Rogue River Valley Irrigation District and Mrs. R. E. Walker, employe of the Pinnacle Packing Company, we find their period of employment entitles them to the operation at the expense of the Association and with the history you furnish authority is hereby granted. I am somewhat at a loss to know what you refer to in the case of George McCormick and shall be pleased if you will give us more information, as this Association does not intend to work any injustice on

any of the doctors it has designated to care for its members.

Yours very truly,

(Signed) C. C. BECHTOLD
C. C. Bechtold
General Manager

CCB:s

Defendants' Exhibit 2750

10688 (Letterhead of National Hospital Association)

March 17, 1938

Dr. Dwight F. Findley
Medford, Oregon

Dear Doctor:

You will find enclosed a copy of a letter addressed to Dr. LeRoy C. Jensen regarding an employe of the Pinnacle Packing Company, Effie R. Daily, that is self-explanatory. If Dr. Jensen calls you in consultation, kindly report your findings direct to this office.

The practice of requesting consultation in surgical cases has been suggested to the Association by doctors in various communities who advise that it would be to the interest of the attending doctor as well as to the patient and the Association, and while we have not yet adopted this as a general policy we may do so if experience shows it to be of benefits to all parties concerned as reported.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

(Signed) C. C. BECHTOLD
C. C. Bechtold
General Manager

CCB:s

10689 March 17, 1938

Dr. LeRoy C. Jensen
316 Medford Center Building
Medford, Oregon

Re: Effie R. Daily, employe of
Pinnacle Packing Company

Dear Doctor:

Answering your letter of March 8 reporting on the case of Effie R. Daily for whom you recommend removal of tonsils for relief of hypertension, pain in the right arm, etc., and report that the only infection you can find is in two small tonsils and that that is questionable—

Have to advise that in view of the questionable character of the infection, we feel consultation is advisable and request that you ask either Dr. Dwight Findley or Dr. Edwin Durno to see the case with you. If they concur and Miss Daily has been a steady employe of the Pinnacle Packing Company and is employed at the present time, she is eligible to the operation and this is your authority to remove the tonsils at the expense of the Association.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

C. C. BECHTOLD
General Manager

CCS:s
cc—Dr. Dwight Findley
Dr. Edwin R. Durno

Defendants' Exhibit 2751

10690 (Letterhead of National Hospital Association)

May 25, 1938

Dr. Dwight H. Findley
Medford, Oregon

Re: Miss Sidney Brown, employe of County Court of Jackson County

Dear Doctor:

We received your letter of May 20 reporting the case of Miss Sidney Brown, an employe of the County Court of Jackson County, whom you report is suffering with sub-acute appendicitis and in your opinion should have her tonsils removed. Might we suggest that you call Dr. Inskeep in consultation in this case and have the Doctor report his findings and recommendations to the Association?

Very truly yours,

NATIONAL HOSPITAL ASSOCIATION

(Signed) W. J. PAGE
W. J. Page
Service Manager

WJP/mk
cc: Dr. L. Dow Inskeep
Medford, Oregon

May 20, 1938

Mr. W. J. Page, Service Mgr.
National Hospital Assn.
716 S. W. 3rd Ave.
Portland, Ore.

Dear Mr. Page:

Miss Sidney Brown, an employee of Jackson County for the past two years, has been in this office at various times during the past six months with sub-acute appendix attacks.

I have seen her on two different occasions with acute tonsilitis. Her attacks are severe enough to warrant sur-

gery but I feel that if her infected tonsils were removed, abdominal surgery might be prevented.

If I could hear from you in the near future authorizing a tonsilectomy, I should appreciate it.

Sincerely,

DHF:GE

Defendants' Exhibit 2754

10692

Minutes
of the Special Meeting of the Council
of the Multnomah County Medical Society
held at the Mallory Hotel
Friday, December 10, 1937, at 12:15 P.M.

The meeting was called to order by President Robert L. Benson with the following members present:

Robert L. Benson
Karl H. Martzloff
A. G. Bettman
Howard P. Lewis
Stanley Lamb
Guy L. Boyden
Frank R. Mount
Merl L. Margason
B. O. Woods
Eugene W. Rockey
Roy A. Payne
J. E. Buckley

S. G. Henricke, Richard B. Adams, Blair Holcomb, John H. Fitzgibbon, and C. H. Manlove were also present.

* * * * *

10693 * * * * *

There was discussion concerning the resolution submitted by the Grievance Committee at the meeting of November 26th. Upon motion duly made and seconded, it was voted that this resolution be now considered.

Following an extended discussion of the factors leading to the presentation of this resolution, upon motion duly made and seconded, it was voted that it be adopted as follows:

WHEREAS, the Society has heretofore commanded its Council, its Board of Censors, and other appropriate

committees to proceed as expeditiously as possible to reinstate the fundamentals of professional service, as embodied in The Principles of Medical Ethics and its own Constitution and By-Laws; and

WHEREAS, the Council of the Society has heretofore created a Grievance Committee by the following resolution:

BE IT RESOLVED by the Council of the Multnomah County Medical Society, that:

1. A special committee, called the Grievance Committee, be and it is hereby created.
2. The members of the committee shall be Noble Wiley Jones, Chairman; Richard B. Adams and Frederick A. Kiehle; provided, that, in the event any of the above-named members do not accept appointment, the President is hereby authorized to appoint another member to fill the vacancy.
3. The functions and duties of the committee be as follows:
   (a) Investigate any alleged unethical conduct of any member of the Multnomah County Medical Society coming to its attention in any way, or through any source;
   (b) Determine whether or not there is any foundation to the accusation of any such member of unethical conduct;
   (c) Make such reports to the Board of Censors and the Council on the result of such investigation as may be deemed best by such Committee;
   (d) Make and file any written charges against any member of this Society as it called for by the By-Laws, when the committee deems such a course advisable and justified.
   (e) Pursue any other course of conduct under the Constitution and By-Laws of this society as it may deem advisable to the end that any report of unethical conduct on the part of any member be completely investigated and its truth or falsity established.

WHEREAS, the Grievance Committee has proceeded to carry out its several duties under the Constitution and By-Laws of the Society and the above resolution; and

WHEREAS, the Grievance Committee has lately been handicapped and hampered in carrying out its duties by statements of members of the Multnomah County Medical Society that certain officers and members of the Council of the Oregon State Medical Society are engaged in similar unethical practices;

NOW THEREFORE, the Grievance Committee of the Multnomah County Medical Society hereby petition the Council of the Multnomah County Medical Society to transmit this resolution to the Council of the Oregon State Medical Society for the investigation of this matter and such action as may be appropriate under Article XII, Section 3, and other provisions of the Constitution and By-Laws of the Oregon State Medical Society

There being no further business, the meeting was adjourned.

Secretary

Defendants' Exhibit 2755

10694 MINUTES

December 11, 1937

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, December 11th, at 2:00 P.M. The following members of the Council were present: Charles T. Sweeney, Charles E. Sears, W. W. Baum, Richard B. Adams, Dean P. Crowell, Morris L. Bridgeman, Karl H. Martzloff, Guy L. Boyden, O. C. Hagmeier, Charles E. Hunt, J. C. Hayes, E. D. Lamb, Robert L. Benson, Raymond E. Watkins, George E. Henton, John P. Cleland, H. Garnjobst, John C. Coughlin, legal counsel, and the executive secretary were also present.

* * * * *

10696 * * * * *

A letter from the Clackamas County Medical Society stating that its members had voted to notify indi-

vidually all hospital associations operating in Clackamas County that, after February 1, 1938, they would not be available to care for patients of such associations was read. Upon motion duly made and seconded, it was voted that this letter be placed on file.

A letter from the newly organized Linn County Medical Society making application for a charter was read. Upon motion duly made and seconded, it was voted to recognize the Linn County Medical Society as a component society of the Oregon State Medical Society and to issue a charter to it, provided its members complete their membership in the Oregon State Medical Society by the payment of their 1938 dues.

• • • • •

(At this meeting the resolution set forth in exhibit 2754 was read but no action was taken thereon.)

Defendants' Exhibit 2756

10707 (Letterhead of Industrial Hospital Association)

February 12, 1936

Dr. E. R. Durno
Medford, Oregon

Dear Dr. Durno:

This will acknowledge receipt of your letter of February 11 regarding the case of Mrs. Stella Roop. We had already received a letter from the M. M. Department Store, and in response to that letter, have requested Mrs. Roop to come to Portland for further attention.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

(Signed) WILL T. KIRK
General Manager

WTK M

10708 (Letterhead of Industrial Hospital Association)

February 12, 1936

M. M. Department Store
Medford, Oregon

Gentlemen:

In response to your letter of February 11 regarding the case of Mrs. Stella Roop, kindly be advised that we shall be very glad to have her come to Portland for such attention as her condition may require.

Have her report to our office 707 Medical Arts Building, Tenth and Taylor Streets, on any day except Thursday or Sunday.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

(Signed) WILL T. KIRK
General Manager

WTK M

10709 (Letterhead of Industrial Hospital Association)

April 6, 1936.

Dr. E. R. Durno,
Medford, Oregon.

Dear Doctor:

This is to advise that the case of Mrs. Stella Roop, whom you operated on for cancer of the breast, does not come under our medical contract service for the reason that the condition preexisted the date our contract went into effect. Consequently, we are not in position to assume payment of the expenses in connection with the case.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

(Signed) WILL T. KIRK
General Manager

WTK.N

10711 April 9, 1936

Industrial Hospital Association
Portland, Oregon

Dear Mr. Kirk:

In am in receipt of your letter of April 6 in which you refused to take care of the expenses incidental to the surgery performed on Mrs. Stella Roop of the M. & M. Store in Medford, Oregon.

I was most surprised at this sudden change inasmuch as I have a letter authorizing her to come to Portland for this operation. Also, your telephone call to the M. & M. Store was to Mrs. Roop verbal assurance that you were most solicitous concerning her welfare and interested in handling the case.

This was a small lump slightly larger, if any, than a pea and one that certainly could not have existed prior to a contract which she had been under approximately ten months.

With these facts, it is most difficult for me to understand your position in this matter. A concrete explanation of why you have refused to pay the bill after authorizing it would be greatly appreciated by me. With the evidence that I have, I propose to go into the matter most fully I assure you.

Respectfully yours,

.....
Edwin R. Durno, M. D.

ERD:ML

10712 (Letterhead of Industrial Hospital Association)

April 12, 1936

Dr. Edwin R. Durno
Medford, Oregon

Dear Dr. Durno:

We acknowledge receipt of your letter of April 9 regarding the case of Mrs. Stella Roop. As is our usual practice when a case comes up that is doubtful as to whether it is

covered by our medical contract service, we call such patients to Portland for examination and investigation before authorizing treatments at our expense.

As soon as we received word from you and from the M. & M. Department Store that this patient contemplated having surgery done, we immediately requested that she be referred to Portland for examination and further attention. Instead of complying with that request, you immediately proceeded with the operation.

The condition for which you operated does not come under our medical contract, and we have so informed all parties interested. We had no opportunity to inform you before the operation for the reason just stated above.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

(Signed) WILL T. KIRK
General Manager

WTK M

Defendants' Exhibit 2757

10715 (Letterhead of Industrial Hospital Association)

May 3, 1941

Dr. Edwin R. Durno
Fluhrer Bldg.
Medford, Oregon

Dear Dr. Durno:

During recent months the physicians of Medford have been accepting our tickets, checks and rates listed on our fee schedule. As we have no wish whatsoever to discriminate against you, as long as you are willing to take care of cases on the same basis as the other doctors, we were pleased to forward our check direct to you, as we certainly do not wish you to think you are on a "Black-List".

Of course, if you do not care to take care of patients according to fees outlined on our schedule, we would then have to notify the various companies so that their em-

ployees will know what to expect. We hope that these steps will not be necessary.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

(Signed) WILL T KIRK
Will T. Kirk, General Manager

WTK:MW

Defendants' Exhibit 2759

10716 (Letterhead of Industrial Hospital Association)

February 3, 1942

Dr. E. R. Durno
Medford, Oregon

Dear Dr. Durno:

Under the limited coverage contract which we have with the Jacksonville High School, Donald O'Brien would not be entitled to service for a sprained ankle, as the limited coverage contract provides for services only in cases of fractures, dislocations, suturing lacerations and dental injuries.

However, we are pleased to enclose our check in the amount of $4.00 covering the x-ray taken in this case. Payment has been made in accordance with our fee schedule.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

(Signed) E. M. BOYER
Service Manager

HB:MM
ENCL
c.c. to Jacksonville High School

Defendants' Exhibit 2760

10717 December 8, 1942

Dr. W. G. Bishop
Medford Building
Medford, Oregon

Dear Dr. Bishop:

Under date of September 4, 1942, you sent us a copy of a new fee schedule to govern the fees of physicians doing work for hospital associations in Jackson County, and asked us to indicate our approval or rejection so that you might report back to a meeting of your society on Wednesday, September 9, 1942. We notified you that we would accept the fees outlined in the schedule, and since that time, we have carefully adhered to the schedule and paid all bills in accordance therewith.

We now have a situation that we wish to call to your attention for such presentation to the society as you deem the situation warrents. This involves an appendectomy performed by Dr. E. R. Durno for Mr. L. A. Boomer, an employee of the California Oregon Power Company. We paid Dr. Durno the full fee for an appendectomy as shown by your schedule, and now find that Dr. Durno is billing the patient for an additional $44.50.

As you undoubtedly know, since we received your schedule to apply to the physicians in your county, we have allowed our members to have their free choice of physicians as we assumed that we had a definite schedule to govern the fees we would be required to pay.

We hope that the situation may be continued and that you will investigate the Boomer case and let us have your views as we certainly do not expect to pay Dr. Durno a higher fee than the schedule provides, and since we are operating under the schedule, we object to having the doctors bill our members for additional fees.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

(Signed) WILL T. KIRK
Will T. Kirk, General Manager

HB:bes
cc. S. M. Bullis
cc. Dr. E. R. Durno

Defendants' Exhibit 2761

10718

EARL WARREN
GOVERNOR

(Emblem)

WALLACE K. DOWNEY
INSURANCE COMMISSIONER

STATE OF CALIFORNIA

OFFICE OF THE
INSURANCE COMMISSIONER
1182 MARKET STREET
SAN FRANCISCO 2

January 6, 1950

Cake, Jaureguy & Tooze
Attorneys at Law
1220 Equitable Building
Portland 4, Oregon

Attention: Nicholas Jaureguy, Esq.

Re: *C. C. BECHTOLD, NATIONAL HOSPITAL ASSOCIATION PORTLAND, OREGON*

Dear Sirs:

In response to your letter of December 14, 1949, we wish to advise that there has been no change in law or regulations since the letter of this Department to Klamath Medical Service Bureau dated February 10, 1940, which states that any solicitation, transaction or negotiation of insurance in California by a non-admitted insurer is a misdemeanor. This law is as equally applicable to National Hospital Association as to any other non-admitted insurer.

Mr. Bechtold has had conversations with several persons in this office off and on over the period of the last several years, the greater number probably with the writer of this letter. These conversations have embraced a number of subjects including admission requirements, policy form standards and legislation. While we have generally been of the impression that residents of California were entitled to indemnities under contracts issued by the National Hospital Association, we have at no time had any knowledge, evidence or admission that the latter organization has been actually soliciting accounts in this state in violation of our law. Mr. Bechtold is definitely under a mis-

understanding if he has interpreted any such conversations either as express or tacit consent on our part to any solicitation in this state in violation of our laws.

Very truly yours,

WALLACE K. DOWNEY
Insurance Commissioner

By (Signed) J R MALONEY
J. R. MALONEY
Chief Assistant
Insurance Commissioner

JRM:GLL

10719 December 14, 1949

State Insurance Commissioner
Sacramento, California

Dear Sir:

We are representing the defendants in a case pending in the Federal District Court brought by the Anti-Trust Division of the United States Attorney General's Office against Oregon State Medical Society and others. We wish to call your attention to two items of evidence in this case which apparently are inconsistent.

On February 10, 1940, Harold B. Haas, Assistant Insurance Commissioner, wrote to Klamath Medical Service Bureau of Klamath Falls, Oregon, in response to an inquiry as to the right of that bureau to solicit accounts in California. The letter said:

> "Any solicitation, transaction, or negotiation of insurance in California without admission in California is a misdemeanor."

The letter proceeded to state that contracts executed in Oregon were legal even though the indemnities were extended to California workmen.

On October 21, 1949, Mr. C. C. Bechtold, President and General Manager of National Hospital Association, an Oregon corporation, which is a commercial hospital association, testified that though his company has not been admitted to do business in California his agents are soliciting accounts in your state. Upon being asked how his company could do this, he said:

10720 "Well, it is a peculiar thing. It is kind of embarrassing for us sometimes. But the Insurance Department down there has been very generous.

"Q Very generous?

"A Very tolerant. They realize that we are doing pretty good work. At least they have told me that. But there is no law in California of the kind we have in Oregon."

His testimony continued:

"Q You mean they permit you to go down there and solicit accounts?

"A Yes.

"Q By that you mean you have not been charged with violating the law?

"A No. No, I had a very nice talk with the Deputy Insurance Commissioner two weeks ago. We are able to qualify and probably will in the very near future."

You will notice from the above testimony that the talk which Mr. Bechtold said he had with one of your Deputy Insurance Commissioners was about October 7, 1949.

We would appreciate learning from you whether a commercial hospital association such as National Hospital Association is permitted to solicit business in California, either with or without qualifying in your state as a foreign corporation; and also whether any such conversation was had between Mr. Bechtold and any representative of your office.

10721 In the event National Hospital Association may properly solicit business in California, we would appreciate learning whether this represents a change in law or regulations since the letter to Klamath Medical Service Bureau of February 10, 1940, or whether you feel that the methods of operation of the two companies justify a different rule for National than for Klamath Medical Service Bureau.

Please be assured that this letter is not intended as a criticism of your office.

Very truly yours,

CAKE, JAUREGUY & TOOZE

By

NJ:j

7070

Defendants' Exhibit 2762

10722

KLAMATH
MEDICAL SERVICE BUREAU
Klamath Falls, Oregon

REPORT OF AUDIT
FISCAL YEAR ENDED JUNE 30, 1949

ROLLIN RODOLPH & CO.
CERTIFIED PUBLIC ACCOUNTANTS
KLAMATH FALLS, OREGON

10794

KLAMATH MEDICAL SERVICE BUREAU

Klamath Falls, Oregon

CONSOLIDATED BALANCE SHEET - JUNE 30, 1949

ASSETS

CURRENT ASSETS:		
Cash on hand and in banks		$ 9,429.62
Deposit, First Federal Savings and Loan Association		5,000.00
Inventories: (At cost)(See Note 1)		
Drugs and dressings	$ 18,208.46	
Kitchen supplies	3,034.72	21,243.18
Total current assets		$ 35,672.80
FIXED ASSETS:		
Land		13,500.00
Buildings	225,640.37	
Equipment and fixtures	129,402.37	
Total	355,042.74	
Less allowance for depreciation	106,639.58	248,403.16
Total net fixed assets		261,903.16
OTHER ASSETS:		
Operating supplies, such as linen, bedding etc (See Note 1)		14,955.64
Unamortized bond expense		381.94
Total other assets		15,337.58
Total assets		$312,913.54

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:			
Payroll deductions payable			$ 279.92
Total current liabilities			$ 279.92
BONDS PAYABLE:			
Hillside issue hospital bonds, 6%, due June 30, 1963 (See Note 2)	$100,000.00		
Less on hand June 30, 1949	23,500.00	76,500.00	
Klamath Valley issue hospital bonds, 6%, due August 1, 1966 (See Note 2)	200,000.00		
Less on hand June 30, 1949	5,000.00	195,000.00	
Total bonds outstanding			271,500.00
RESERVE FOR CONTINGENCIES			500.00
CAPITAL:			
Capital stock, Common, authorized 50 shares, at a par value of $100.00 per share; 36 shares outstanding (See Note 3)		3,600.00	
Consolidated surplus		37,033.62	
Total capital and surplus			40,633.62
Total liabilities and capital			$312,913.54

NOTES:

1. Inventories and supplies of bedding, linen, and kitchen utensils are carried at book value at time of purchase of hospitals.
2. Trust indenture provides that bonds are secured by a trust deed and mortgage. There is no provision made in the trust indenture for providing a fund for the redemption of the bonds. Interest on the Hillside issue is due July 1 and January 1, and on the Klamath Valley issue on August 1 and February 1.
3. Outstanding Common stock is assigned to a voting trust. On May 27, 1949 the Board of Directors agreed that the current transfer value of the Common stock shall be $1,000.00 per share.
4. Preferred stock of 24 shares in the amount of $2,400.00 was recalled on May 27, 1949.
5. Federal corporation income tax returns and state corporation excise tax returns for the fiscal years 1946, 1947, 1948, and 1949 have not been examined by the Bureau of Internal Revenue or the State Tax Commission. Returns were prepared and filed for the fiscal year ended June 30, 1949, showing a federal corporation income tax in the amount of $3,469.84 and a state corporation excise tax in the amount of $689.34.

7071

7072

10723

XLAMATH MEDICAL SERVICE BUREAU

Klamath Falls, Oregon

CONSOLIDATED INCOME STATEMENT - JULY 1, 1948, TO JUNE 30, 1949

RECEIPTS FROM OPERATIONS		$845,370.98
EXPENSES OF OPERATIONS		663,285.72
NET RECEIPTS, before payments to member physicians for services performed		182,085.26
PAYMENTS TO MEMBER PHYSICIANS FOR SERVICES PERFORMED		168,744.42
CONSOLIDATED NET INCOME FROM OPERATIONS		13,340.84
OTHER RECEIPTS:		
Interest on deposit	$ 100.00	
Discounts earned	935.57	
Refunds	605.21	
Meal ticket sales	2,322.96	
Miscellaneous sales, commissions, etc.	676.62	
Total other receipts		4,640.36
		17,981.20
OTHER EXPENSES:		
Loss on abandonment of surgery equipment	1,444.47	
Collection expense	1,679.62	
Christmas expense, hospitals	200.68	
Miscellaneous expenses	471.66	
Total other expenses		3,796.43
CONSOLIDATED NET INCOME FOR PERIOD		$ 14,184.77

Defendants' Exhibit 2763

10727 EDWIN R. DURNO, M.D., PRESIDENT, MEDFORD

WILMOT C. FOSTER, M.D., F.A.C.S., SECRETARY-TREASURER, PORTLAND

J. L. INGLE, D.O., LA GRANDE

(Seal)

FRANK E. FOWLER, M.D., F.A.C.S., ASTORIA
CHARLES E. PALMER, M.D., ONTARIO
RALPH E. PURVINE, M.D., SALEM
GEORGE H. LAGE, M.D., PORTLAND

BOARD OF MEDICAL EXAMINERS

STATE OF OREGON

609 FAILING BUILDING
PORTLAND
ATWATER 8476

HOWARD I. BOBBITT
LEGAL ADVISOR AND
EXECUTIVE SECRETARY

VIOLA E. SCHULMERICH
OFFICE SECRETARY

H. A. SPECKMAN
B. C. WILSON
SPECIAL AGENTS

M.D. REGISTRATIONS FOR THE YEARS:

1948—1662
1949—1742

M.D.'S LICENSED DURING YEARS:

1947—Applications based upon Endorsement National Board	11
Applications based upon written examination Oregon	81
Applications based upon reciprocity sister state	92
TOTAL LICENSED DURING 1947	184

1948—Applications based upon Endorsement National Board		20
Applications based upon Examination written Oregon		46
Applications based upon reciprocity sister state		92
TOTAL LICENSED DURING 1948		158
1949—Applications based upon Endorsement National Board		27
Applications based upon written examination Oregon		46
Applications based upon reciprocity sister state		72
TOTAL LICENSED DURING 1949		145

Defendants' Exhibit 2765

10728 (Letterhead of National Hospital Association)

July 27, 1931

Dr. J. H. Flynn
St. Helens
Oregon

Dear Doctor:

In connection with the bill you presented to us for the care of Charles Hobble, an employee of the St. Helens Pulp and Paper Company.

The X-Ray which you mailed us on this case has been referred to Dr. Butler for diagnosis and he reports that this fracture appears to be of the fibula only. This information being correct, your bill for fracture of tibia and fibula is in error.

With regard to future cases of this type coming under the protection of the Association, we request that you send the same to us for treatment by our surgeons here.

Thanking you for your co-operation in this connection, we are

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

By (Signed) W. J. PAGE
W. J. Page
Office Manager

WJP:CH

10734 (Letterhead of National Hospital Association)

April 14, 1931

Dr. J. H. Flynn
St. Helens
Oregon

Dear Doctor:

Re: William Mitchell

In checking over the February and March accounts of the Plaza Pharmacy we note that Mr. William Mitchell, employee of the C. R. McCormick Lumber Company who has been under your care, received twenty eight prescriptions during the month of February, and seventeen prescriptions during the month of March.

We would ask that you favor us with a report, explaining the circumstances of this case and informing us as to the patient's present condition and what treatment you deem will be necessary before the patient will be discharged.

Our prescription costs in St. Helens are running very much over the average and we would appreciate your co-operation in holding down prescription work. It is not our intention to cut down on our service but in order to function properly it is necessary that we eliminate all waste in order to maintain a high standard of service.

Thanking you for your attention to this matter, we are,

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

(Signed) By H. GORDON BAINE
H. Gordon Baine.

HGB:MM

Defendants' Exhibit 2766

10741 (Letterhead of National Hospital Association)

January 21, 1950

Dr. J. Hartman
Sweet Home, Oregon

Dear Dr. Hartman:

We enclose checks covering your November 1949 accounts, which we regret to advise have been somewhat delayed. This delay, however, was occasioned by the fact we hoped you might call at our offices, since in checking these bills and averaging them, it is noted the average charge per patient shows a considerable increase over the average charges for those months subsequent to your last call at the Association's offices.

Very truly yours,

NATIONAL HOSPITAL ASSOCIATION

(Signed) WJP
W. J. Page, Manager
Claims Department

WJP:CWB
Encl.—checks

10742 IN THE
UNITED STATES DISTRICT COURT

[FILE ENDORSEMENT OMITTED]

[TITLE OMITTED]

Statement as to Whether All or Part of an Exhibit Is Offered by the Plaintiff

Filed November 3, 1949

Unless otherwise specified, all of the exhibit is being offered.

In the case of a few voluminous documents, and a few documents with many paragraphs of diverse matters, which contain interspersed clearly relevant and clearly irrelevant matter, the whole document has been offered because of the complexity in setting down on paper what parts are offered and what are not.

Statement as to the purpose for which the exhibit is offered.

When letters are offered for all purposes, they are also offered

(1) to show state of mind of the writer or person on behalf of whom the letter was written;

(2) the fact that it was written by the person whose signature or initials appear or on whose behalf it was written;

(3) that it was sent to the addressee, and the addressee received it;

(4) and when taken from the files of a particular hospital association, that it was brought to the attention of that hospital association.

Unless the offer is qualified, sample contracts, circulars, certificates and tickets offered are offered to show type of business engaged in, type of service and coverage of service, as well as for the information contained in such exhibit. As to circulars, they will be offered also for the fact that, as circulars, the matters contained therein were publicized in Oregon.

Wherever a Northwest Medicine, Medical Reporter, or Bulletin of the Multnomah County Medical Society is referred to, the name and date of the publication is
10743 included in the offer. It is also offered for the fact of the contents being circularized among Oregon doctors, and that the latter have knowledge of the statements made, as well as for other specified purposes.

The term "for information therein" is not intended as a limitation of purpose, but for the most part indicates that its contents are thought to have a less obvious bearing on the conspiracy by themselves than those offered for all purposes.

Plaintiff reserves the right, after the defendants have filed objections to any exhibit, to enlarge on the purposes for which it is offered.

1. To show constitution and by-laws of American Medical Association.

2. Cover page, pages 3, 7, 8, 9, 10, 13, 21, 26, 28, 38, 39, 41, 44, for information contained on those pages; pages

45-55, for statements of principles of Medical Ethics of American Medical Association.

3. Cover page and page 5, for information on those pages. Page 7, for the fact that this publication contained the statements made in the 4th paragraph on that page. Pages 8, 9 and 11, for information contained on those pages.

4. For all purposes.

5. For all purposes.

6. For all purposes.

7. For all purposes.

8. Constitution and by-laws of Coos and Curry County Medical Society. Information contained therein, including relationship of Society to Oregon State Medical Society, duties of officers, and provisions as to conduct of members.

9. For all purposes.

10. For all purposes.

11. To show what the doctor wrote to his patient, and what the patient thereupon wrote to National Hospital Association. To show the state of mind of the doctor, and that he did not take the Association's tickets.

12. For all purposes.

13, 14, 15, 16, 17, 18, 19. For all purposes.

10744 21. All purposes.

22. To show that charges were made against Dr. Sweeney because of his associating with hospital associations. For the truth of the first paragraph. For the state of mind of doctors filing charges.

23. All purposes.

24. All purposes—22 and 24 supplement each other.

25. All purposes.

26. All purposes.

27. For the fact that Dr. Pittman wrote this letter. For the truth of the second paragraph. For his state of mind, as indicated in the second paragraph.

28. All purposes.

29. All purposes.

30. All purposes.

31. All purposes.

32. All purposes.

33. All purposes.

34. To show that the writer wrote to Beehtold of National Hospital Association, that it was received, and the report made by Mrs. Steregere.

35. All purposes.

36. For the fact that the Mayo Clinic of Rochester, Minnesota, sent this letter to National Hospital Association, and that it was received by the latter, and the truth of what is stated in the letter as a National Hospital Association member.

37. All purposes.

38. All purposes.

39. All purposes.

40. All purposes.

41. All purposes.

42. All purposes.

10745 43. All purposes.

44. All purposes.

45. All purposes.

46. That a complaint of the type recited in this letter was sent to the addressee in Oregon by the addressor in Washington—interstate commerce.

47. All purposes.

48. All purposes.

49. All purposes.

50. All purposes.

51. All purposes.